

CS FOR SENATE JOINT RESOLUTION NO. 5(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 5/10/21

Referred: Finance

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska relating to an**
2 **appropriation limit; and relating to the budget reserve fund.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** Article IX, sec. 16, Constitution of the State of Alaska, is amended to read:

5 **Section 16. Appropriation Limit. (a) Except as provided in (b) of this**
6 **section and except [EXCEPT] for appropriations for Alaska permanent fund**
7 **dividends, appropriations to the Alaska permanent fund, appropriations of revenue**
8 **and general obligation bond proceeds, appropriations required to pay the principal**
9 **and interest on revenue and general obligation bonds, appropriations to a State**
10 **account or fund that requires a subsequent appropriation from that account or**
11 **fund as prescribed by law, appropriations for payment of the unfunded liability**
12 **of a State retirement system, appropriations to meet a state of disaster declared**
13 **by the governor as prescribed by law, and appropriations of money received from a**
14 **non-State source in trust for a specific purpose, including revenues of a public**
15 **enterprise or public corporation of the State that issues revenue bonds, appropriations**

from the treasury made for a fiscal year shall not exceed the average of the appropriations made in the previous three fiscal years [\$2,500,000,000] by more than the cumulative percent change, derived from [FEDERAL] indices as prescribed by law, in population or [AND] inflation, whichever is greater, over the previous two calendar years [SINCE JULY 1, 1981. WITHIN THIS LIMIT, AT LEAST ONE-THIRD SHALL BE RESERVED FOR CAPITAL PROJECTS AND LOAN APPROPRIATIONS. THE LEGISLATURE MAY EXCEED THIS LIMIT IN BILLS FOR APPROPRIATIONS TO THE ALASKA PERMANENT FUND AND IN BILLS FOR APPROPRIATIONS FOR CAPITAL PROJECTS, WHETHER OF BOND PROCEEDS OR OTHERWISE, IF EACH BILL IS APPROVED BY THE GOVERNOR, OR PASSED BY AFFIRMATIVE VOTE OF THREE-FOURTHS OF THE MEMBERSHIP OF THE LEGISLATURE OVER A VETO OR ITEM VETO, OR BECOMES LAW WITHOUT SIGNATURE, AND IS ALSO APPROVED BY THE VOTERS AS PRESCRIBED BY LAW. EACH BILL FOR APPROPRIATIONS FOR CAPITAL PROJECTS IN EXCESS OF THE LIMIT SHALL BE CONFINED TO CAPITAL PROJECTS OF THE SAME TYPE, AND THE VOTERS SHALL, AS PROVIDED BY LAW, BE INFORMED OF THE COST OF OPERATIONS AND MAINTENANCE OF THE CAPITAL PROJECTS. NO OTHER APPROPRIATION IN EXCESS OF THIS LIMIT MAY BE MADE EXCEPT TO MEET A STATE OF DISASTER DECLARED BY THE GOVERNOR AS PRESCRIBED BY LAW]. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

* **Sec. 2.** Article IX, sec. 16, Constitution of the State of Alaska, is amended by adding a new subsection to read:

(b) The legislature may appropriate an additional amount in excess of the appropriation limit under (a) of this section for capital projects, if the appropriation is approved by a majority of the qualified voters of the State who vote on the question. Appropriations for capital projects that exceed the appropriation limit shall not be used in calculating the appropriation limit in subsequent fiscal years.

* **Sec. 3.** Article IX, sec. 17(a), Constitution of the State of Alaska, is amended to read:

(a) There is established as a separate fund in the State treasury the budget

1 reserve fund. Except for money deposited into the permanent fund under Section 15 of
 2 this article, all money received by the State [AFTER JULY 1, 1990,] as a result of the
 3 termination, through settlement or otherwise, of an administrative proceeding or of
 4 litigation in a State or federal court directly involving mineral lease bonuses, rentals,
 5 royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses,
 6 or involving taxes imposed on mineral income, production, or property, shall be
 7 deposited in the budget reserve fund. The [MONEY IN THE BUDGET RESERVE]
 8 fund shall be invested so as to yield competitive market rates [TO THE FUND].
 9 Income of the fund shall be retained in the fund. Deposits [SECTION 7 OF THIS
 10 ARTICLE DOES NOT APPLY TO DEPOSITS] made to the fund under this
 11 subsection are not prohibited under Section 7 of this article. Money may be
 12 appropriated from the fund only as authorized under [(b) OR] (c) of this section.

13 * **Sec. 4.** Article XV, Constitution of the State of Alaska, is amended by adding new
 14 sections to read:

15 **Section 30. Application of Appropriation Limit.** The 2022 amendment
 16 limiting appropriation increases applies to appropriations made for the fiscal year
 17 ending June 30, 2024, and thereafter.

18 **Section 31. Budget Reserve Fund Transition.** The 2022 amendments to the
 19 budget reserve fund (art. IX, sec. 17) apply to the fiscal year ending June 30, 2024,
 20 and thereafter.

21 * **Sec. 5.** Article IX, sec. 17(b), Constitution of the State of Alaska, is repealed.

22 * **Sec. 6.** The amendments proposed by this resolution shall be placed before the voters of
 23 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
 24 State of Alaska, and the election laws of the state.